

OFFICE OF THE ATTORNEY GENERAL

85-00405



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Hospital Boards - Investments -
Funds

A municipal hospital board incorporated under the provisions of §22-21-5, Code of Alabama 1975, may invest funds not presently needed for its corporate purposes only as provided in §22-21-77(15), Code, supra.

Dear Mr. Cornett:

You have, as attorney for Homer D. Cobb Memorial Hospital Board, requested an opinion of this office on the applicability of §22-21-77(15), Code of Alabama 1975, to the investment of funds which the Board of Directors of the hospital may determine are not presently needed for its corporate purposes. Specifically you ask whether or not the hospital may invest funds not presently needed for its corporate purposes with a banking institution in an account known as a "money market account" or a "certificate of deposit" which will pay interest based upon a daily balance.

The Homer D. Cobb Memorial Hospital Board was incorporated, and operates, under the provisions of §22-21-5, Code of Alabama 1975. Its investment authority is governed by §22-21-77(15) which provides that the corporation shall have the power:

"To invest in direct general obligations
of the United States and any trust fund

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established under and subject to the general laws of this state for investment or self-insurance purposes with investment authority as may be authorized by law for such trusts any funds of the corporation which its board of directors may determine are not presently needed for its corporate purposes."

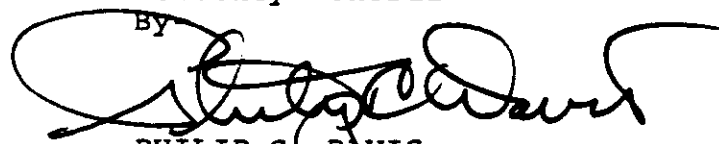
The money market account and certificate of deposit to which you refer clearly are not general obligations of the United States, and therefore the answer your question rests upon whether these accounts may be considered to be trust funds as described in the above-quoted statute. While in general, money market accounts and certificates of deposit would not fall within the purview of the statute as trust funds established under and subject to the general laws of this state for investment or self-insurance purposes, it is possible that such a trust fund could be established. Accordingly, the hospital may invest funds not presently needed for its corporate purposes in accounts known as money market accounts or certificates of deposit if, and only if, such accounts are established as trusts under and subject to the general laws of this state as set forth in the statute.

I trust that the foregoing answers your questions. If this office can be of further assistance to you, please let us know.

Yours very truly,

CHARLES A. GRADDICK
Attorney General

BY



PHILIP C. DAVIS
Assistant Attorney General

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